



STATEMENT of PERFORMANCE EXPECTATIONS

FOR THE YEAR ENDING
30 JUNE 2024

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Forward

Radio New Zealand, Te Reo Irirangi o Aotearoa (RNZ), has been telling New Zealanders' stories, informing and entertaining them for nearly a century.

We approach our landmark birthday in 2025 with a renewed vigour and focus thanks to a major funding boost. It allows us to reimagine our strategic approach and create a sustainable entity.

This is important. We play a vital role in delivering news, information and entertainment while supporting the broader sector. Aotearoa's media system and democracy is strengthened by our contribution.

We are determined to take advantage of this opportunity to protect what audiences love now, strengthen many areas and innovate to engage with more people. We are ambitious about what can be done to help modernise RNZ and develop our people. We want to be New Zealand's public media cornerstone. It will require investment in our infrastructure, content, people, collaboration and research. RNZ needs to understand more about audiences to deliver what they need and reflect who they are.

The beating heart of our commitment to serve the public interest remains our Charter. At a time of much change in society, our natural environment and across media, RNZ's dedication to it has never been more important. It is what makes us different. It drives our objectives, which are reflected in the strategy on a page in this document.

This is an exciting time for RNZ. But we need to continue to adapt to ensure we deliver for New Zealanders. We are committed to ensuring a thriving RNZ enters its second century delivering outstanding public media that matters.

As we stand at the threshold of this transformative period, we are driven by a new and ambitious goal: to reach 80% of New Zealanders each month by 2027. We recognise achieving this means a greater

commitment to embracing digital media and leveraging its potential for expansion.

This Statement of Performance Expectations (SPE) reflects our proposed activities, performance targets and forecast financial information for the year ending 30 June 2024. It is produced in accordance with the Crown Entities Act 2004, s149E.

The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the RNZ Board of Governors in accordance with its role under the Crown Entities Act 2004. There is no intention to update the forecast financial statements subsequent to presentation.

For and on behalf of the Board of Radio New Zealand 29 June 2023



Dr JIM MATHER
Chair



JANE WRIGHTSON
Audit and Risk Chair

Our role *and* what we do

RNZ wants to strengthen Aotearoa and the Pacific through informative, challenging and entertaining content.

It means using a range of research, platforms and resources to understand, reflect and reach different audiences. We want to be available when and where people want us, whether it is delivering life-saving information amid a civil defence emergency, breaking, and analysing the latest big story, or providing entertainment and companionship.

We take seriously our responsibilities to deliver on the Charter. It demands that we reflect and celebrate New Zealand's arts, languages and culture.

Our obligation to embed the principles of Te Tiriti o Waitangi is a focus. RNZ is also interested in the strength of the wider media sector, valuing how we cleverly collaborate and partner with others to better reflect the diversity of Aotearoa.

Our priorities for 2023/24 revolve around developing a smart multi-year plan to invest our funding boost. This means addressing legacy issues; developing new audience experiences (including for Māori, Pasifika, Asian and regional audiences) and measures with a focus on digital delivery and continuing to build our constructive and inclusive organisational culture.

We want to ensure RNZ is sustainable for audiences, its people, finances and the planet. We will continue to manage RNZ's finances prudently to deliver on the strategy.

Our range of experiences include:

RNZ DIGITAL provides news and analysis, award-winning podcasts, entertainment and on-demand access to our content. This includes rnz.co.nz, our apps, third-party platforms and material for rangatahi under the Tahī brand.

RNZ NATIONAL provides live news, current affairs, feature documentaries, the arts entertainment and music. It reflects and gives voice to a diverse range of people and issues.

RNZ CONCERT brings music in stereo through a network of FM transmitters and digital satellite. Its repertoire features classical, jazz and special interest pieces. It brings further focus to New Zealand's performing arts and culture.

RNZ PACIFIC features innovative, comprehensive and independent news and programming to the Pacific region via shortwave radio and online. It provides an essential source of life-saving information during natural disasters or breakdowns in local services. RNZ Pacific is also available via satellite for relay and use by other broadcasters.

RNZ ASIA is a new pilot service focused on delivering independent news and information for Asian New Zealanders.

RNZ is a **collaborator**, with this seen most strongly via its **content sharing** programme. Under this, RNZ content is available to other media partners, from small independently-owned outlets to New Zealand's largest. For many, it is a crucial service which provides written, audio and visual material, they could not create themselves. RNZ also works closely with other public media entities, independent content makers and funders like NZ On Air and Te Māngai Pāho.

The above are important to RNZ achieving its goals, but the changing operating environment means it needs to keep adapting to meet Charter and audience expectations.

Summary of our strategy



TE WHĀINGA TĀHUHU OUR VISION

Outstanding public media that matters.

TE PŪTAKE – OUR PURPOSE

We strengthen Aotearoa and the Pacific through informative, challenging and entertaining content.

NGĀ WAIARO – ATTITUDES

Building an inclusive and constructive RNZ culture.

BE BOLD

EXTEND MANAAKITANGA

BETTER EVERY DAY

NGĀ PAETAE RAUTAKI STRATEGIC OBJECTIVES (SOI)

- Foster a strong national identity through trusted content
- Innovate to create new audience experiences
- Play an essential role in fostering freedom of thought and expression
- Reflecting the diverse communities of Aotearoa
- Embedding the principles of Te Tiriti o Waitangi
- Creating sustainability of our people, finances and the planet
- Maintain our vital lifeline utility role

Our outcomes framework *and funding*

RNZ has one reportable class of output which is the delivery of Public Broadcasting Services, which is funded through vote: Arts Culture and Heritage.¹

RNZ also receives other funding relating to third-party contracts tied to specific content delivery.

The purpose of our Public Broadcasting Service is set out in the Radio New Zealand Act 1995, specifically section 8 which sets out the Charter. RNZ serves the public interest by delivering on the Charter.

Our strategic goals and priorities are designed to enhance this. It means our main measures, as seen on pages 7-10, can be viewed through audiences' awareness of and engagement with RNZ's content, platforms and kaimahi, and the value they place in these experiences.

Specifically, we have adopted a two-pronged approach first developed by the BBC. This measures 'experienced value' (usage) and 'perceived value' (appraisal) for each long-term goal.

This SPE details specific outputs, targets and measures that support the longer-term strategic objectives contained in the Statement of Intent.

RNZ has an agreed annual reporting framework which allows the board and our monitoring agencies to measure and assess achievement against these. All figures are produced annually. Where it refers to a "new reported measure", RNZ has collected data annually for at least the last four years but the data was not used publicly. Targets are to be reached by 2024.

Our strategic objectives, as highlighted on page 5, are designed to enhance our services and to maintain and expand on audience reach and connection. In achieving our strategic priorities RNZ will deliver outstanding public media that matters.

In the first year of a significant funding boost we are focused on modernising, strengthening and beginning to transform RNZ. This will include: investing in research to understand more about audiences and trust; offering them a wider palette of content and better digital experience; launching teams dedicated to Te Ao Māori and Asian storytelling; modernising the tools we use to deliver content and working hard to create a sustainable model for our people, finances and the planet. All this sits alongside our continued commitment to providing high quality and diverse public media content.

RNZ REVENUE AND EXPENDITURE	FY23/24 \$000
Total Revenue	76,100
Total Expenditure	68,664

¹ RNZ Pacific and some AM transmission costs are funded directly, and the bulk of RNZ's services are funded through NZ On Air.

WHAT WE WILL DO (LONG TERM GOALS FROM SOI)	HOW WE WILL DO IT	OBJECTIVES 2023/24	EXPERIENCED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22	PERCEIVED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22	
FOSTER A STRONG NATIONAL IDENTITY THROUGH TRUSTED CONTENT	Deliver trusted, relevant and valued content and experiences for audiences.	Maintain a strong New Zealand identity with varied perspectives.	Percentage of population that agree RNZ's content is distinctly New Zealand.^	58%	No target set but actual available July 23.	56%	Percentage of the population that agree that RNZ is an organisation you can trust.	New reported measure 55%.	No target set but actual available July 23.	48%	
	Increase numbers of New Zealanders using our services year-on-year as part of our four-year objective.	Continue increasing audience reach.	Grow percentage of New Zealanders that have consumed RNZ content in a month.	65%.	No target set but actual available July 23.	64%					
	Increase investment in digital content to improve audience experience.	Increase investment in improving digital content and expertise.	Digital audience user experience project.	Completed	N/A	N/A					
		Increase our audience understanding to support content, commissioning and marketing decisions.	Complete a new audience segmentation project.	Delivered by March 2024.	N/A	N/A					
		Ensure content is fair and balanced to maintain trust.	Percentage of population that agree RNZ provides fair and balanced information measured by annual survey.^	At least 50%	No target set but actual available July 23.	48%	Number of complaint decisions upheld by the BSA and Media Council against the fairness, balance and accuracy standards.	Five or fewer	No target set but actual available July 23.		
INNOVATE TO CREATE NEW AUDIENCE EXPERIENCES	Improve audience diversity through delivery of new content and digital initiatives.	Digital: Change our mobile platforms to reach new, younger and more diverse audiences.	Grow percentage of New Zealanders that have consumed RNZ content in a month.	At least 65%	No target set but actual available July 23.	64%	Grow percentage of New Zealanders who consume RNZ's content and agree that it is challenging, innovative and engaging.^	New reported measure 70%	No target set but actual available July 23.		
		Commissioning: Increase partnership and external commissioning investment by 350%	Grow percentage of New Zealanders that have consumed RNZ content in a month.	At least 65%	No target set but actual available July 23.	N/A	Maintain or grow percentage of New Zealanders who think RNZ provides a valuable service for them.+	60%	70%	57%	
		Launch Asian news and information service by December 2023.	Initial audience feedback is positive, measured by in-depth case study.	Establish benchmark	N/A	N/A					

WHAT WE WILL DO (LONG TERM GOALS FROM SOI)	HOW WE WILL DO IT	OBJECTIVES 2023/24	EXPERIENCED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22	PERCEIVED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22
EMBED THE PRINCIPLES OF TE TIRITI O WAITANGI	Develop a new Rautaki Māori that sets out how we will embed the principles.	Develop, consult and complete a comprehensive Rautaki Māori to guide RNZ content and people.	Rautaki approved by board by May 2024.	Achieve	N/A	N/A	New measure Survey of stakeholder groups.	Develop and implement survey of relevant Te Tiriti stakeholder groups to establish benchmark.	N/A	N/A
		Ensure appropriate investment in Māori content.	The percentage of internal commissioning investment in Māori content is equal to other commissioned content.	50% of the commissioning budget is invested in Māori content.	50%	N/A				
		Continue improving kaimahi cultural capability to improve content and commissioning practice.	All staff offered te reo Māori training.	Internal: 50% Kaimahi undertake te reo Māori training.	50%	N/A				
			Ensure all staff have access to Te Tiriti workshops.	60% trained.	50%	N/A				
		Increase trained Māori kaimahi by maintaining the Henare Te Ua internship programme.	At least two internships secured.	Achieve	50%	N/A				
		Create a new autonomous team focused on delivering Māori stories.	Team established by June 2024.	Achieve						

WHAT WE WILL DO (LONG TERM GOALS FROM SOI)	HOW WE WILL DO IT	OBJECTIVES 2023/24	EXPERIENCED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22	PERCEIVED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22
PLAY AN ESSENTIAL ROLE IN FOSTERING FREEDOM OF THOUGHT AND EXPRESSION	Editorial standards and practice demonstrate commitment to freedom of expression in accordance with content codes.	Develop a content strategy that includes a focus on challenge, inquiry and diverse thinking.	Content strategy approved by board.	June 2024		48%	Percentage of the population that agree that RNZ is an organisation you can trust.+	New reported measure 55%	No target set but actual available July 23.	48%
			Percentage of population that agree RNZ provides fair and balanced information (as per annual survey).^	50%	No target set but actual available July 23.+	48%	Number of complaint decisions upheld by the BSA or Media Council against the fairness, balance and accuracy standards.	Five or fewer.	No target set but actual available July 23.	
		Undertake a research project to explore drivers and possible solutions to advancing public trust in media.		Completed by April 2024.	N/A	N/A				
CREATE SUSTAINABILITY FOR OUR PEOPLE, FINANCES AND THE PLANET	Enable the transformation of RNZ in a strategic and sustainable way.	Complete a smart three-year business plan with measurable goals and objectives.	Final business plan prepared and provided to monitoring agencies by August 2023.	Achieve	N/A	N/A				
			Cost efficiency	New measure 85% or more of expenditure incurred through production and distribution of content.	N/A	N/A				
			Ebitda is positive	\$11m	\$1.6m	\$1.7m				
		People: Strengthen constructive and inclusive organisational culture.	Continue improving people engagement scores.	70%	62%	62%				
		Planet: Improve sustainability planning and embed in organisation.	Develop a climate emissions framework and plan to embed best practice.	Climate emissions framework approved by board by June 2024.	Partner with 2 waste reduction organisations.	Partner with 2 waste reduction organisations.				

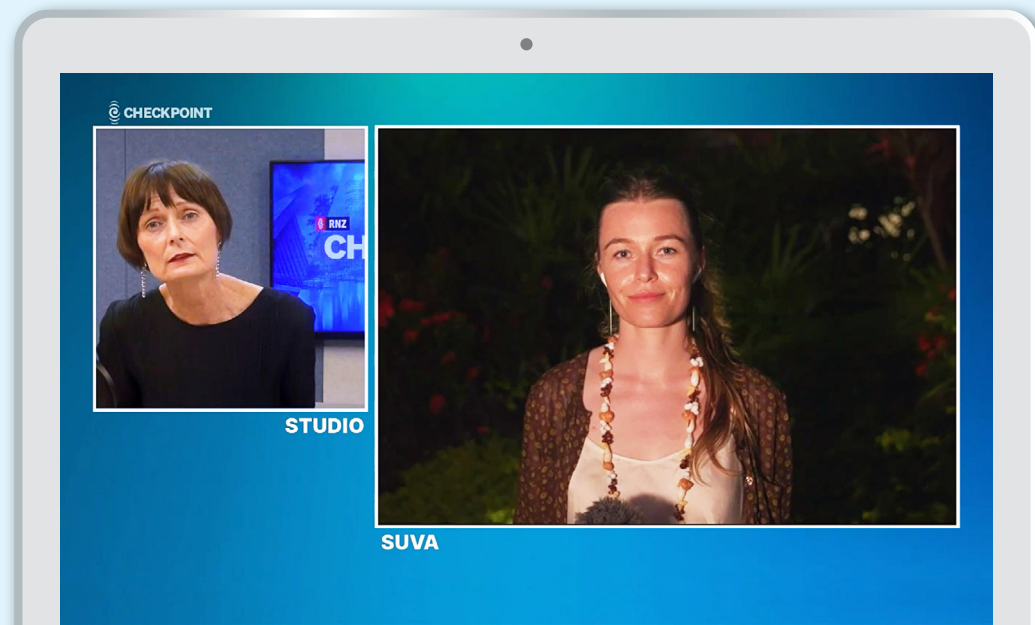
WHAT WE WILL DO (LONG TERM GOALS FROM SOI)	HOW WE WILL DO IT	OBJECTIVES 2023/24	EXPERIENCED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22	PERCEIVED MEASURE	TARGET 23/24	TARGET 22/23	ACTUAL 21/22
REFLECTING THE DIVERSE COMMUNITIES OF AOTEAROA	Ensure a diverse range of voices, views and forms of cultural expression are present in what we do.	Use content sharing and partnerships to extend range of content.	Evidence of content sharing partnerships and collaborations.	Number of content sharing partnerships and collaborations.	More than 60	66	Percentage of the population that agree that RNZ reflects NZ's cultural diversity.	New reported measure 55%	No target set but actual available July 23.	51%
		Create a new autonomous team focused on delivering Māori stories.	Team established by June 2024.	Achieve	N/A	N/A				
		Create a new Asian news and information service.	Launched by Dec 2023.	Achieve	N/A	N/A				
MAINTAIN OUR VITAL LIFELINE UTILITY ROLE	Maintain adequate investment in infrastructure and people to ensure NZers are provided with critical information at times of high need.	Maintain 'always on' services.	AM, FM, shortwave and rnz.co.nz are available 99% of the time.	Achieve	Achieved	New measure	Percentage of population that agree RNZ is an essential service, there when needed.^	55%	No target set but actual available July 23.	52%
		Secure a new MOU with NEMA.	RNZ lifeline services are activated as and when events occur.	Achieve	Achieved					
			NEMA MOU executed by June 30, 2024.	Achieve	N/A					

NOTE: all figures are produced annually. Where it refers to a "new reported measure", RNZ has collected data annually for at least the last four years. However, the data was not used publicly. Targets are to be reached by 2027.

+ Base = All New Zealanders 18+ / ^ Base = All New Zealanders 18+ experienced RNZ on any platform in the previous 12 months.

Organisational development: People *and* culture goals

CURRENT OBJECTIVES	HOW WE WILL MEASURE PROGRESS	2023/24	2022/23 TARGET	SOURCE
Strengthen RNZ's constructive and inclusive organisational culture	Strengthen staff engagement	+70% people engagement	+70% people engagement	Through an engagement survey RNZ will score the engagement of its people.
	Maintain women in leadership	50%	50%	Leadership is measured by those people designated as holding leadership roles.
	Balanced gender diversity	50%	50/50	Employment records.
	Reduce gender pay gap	+/-2%	+/-2%	Employment data (off the base of prior year Annual Report results).
	Reduce ethnic pay gap	5%	5%	



Checkpoint Lisa Owen speaks with Anneke Smith in Suva, Fiji

Our contribution *to* public media outcomes

GOVERNMENT OUTCOMES:

The Government's Strategic Framework for a Sustainable Media System says independent, well-functioning and resilient media are a critical component of an open, participative democracy and have a vital role in supporting our ways of life in Aotearoa. This includes:

- A thriving, vibrant and sustainable media system that is growing revenue, is a strong contributor to New Zealand's economic and social wellbeing and is resilient and adaptable to future trends.
- An independent trusted media system that reflects New Zealand's values and serves the public interest.
- A diverse media system that contains many different voices, creating a range of content, that supports social cohesion and accounts for the uniqueness of New Zealand communities.

As public media RNZ helps create the above by delivering on its Charter and SOI objectives.

PUBLIC MEDIA:

- Are operationally and editorially independent.
- Are able to respond effectively to an evolving operating environment and relevant to changing audience preferences.
- Are complementary to and collaborative with private media.
- Reflect New Zealand's values and serve the public interest.
- Deliver resilient, sustainable and deliver trusted information.

TOP LEFT / Clarissa Dunn Concert **TOP RIGHT** / Best Feature Writing – Social Issues winner, Anusha Bradley
BOTTOM / ARNZ Pacific reporter Koroi Hawkins (right) translates for Caroline Kennedy (left), the daughter of former US president John F Kennedy, as she exchanges gifts with and thanks Nelma Ane, whose father Biuku Gasa was one of the men who helped rescue JFK and his shipwrecked crew from behind enemy lines off the Solomon Islands in 1943. Photo: SBS TV reporter Stefan Armbruster.



Our financial performance

The prospective financial statements are based on assumptions which RNZ reasonably expects to occur. The actual results achieved for the periods covered are likely to vary from the information presented where unplanned events occur, such as national emergencies.

2023/24 will be the first year of our funding increase and we will be taking a considered approach to ensure financial sustainability.

This includes developing a smart multi-year business plan that efficiently invests our funding boost and allows RNZ to adapt appropriately. To enable the strategy, RNZ will increase its fixed cost base, including contractors over the short term, as we invest in transformation. This reduces in the out years.



Country Life's Carol Stiles working in the field

**NEWS AS
IT COMES
TO LIGHT.**

MORNING REPORT
6am – 9am

101.7 FM

**RNZ
NATIONAL**

GROUP PROSPECTIVE STATEMENT of FORECAST COMPREHENSIVE REVENUE and EXPENDITURE

	FORECAST 30 June 2023 \$000	BUDGET 30 June 2024 \$000	BUDGET 30 June 2025 \$000	BUDGET 30 June 2026 \$000
REVENUE				
Crown funding	53,972	73,146	70,681	70,681
Other income	2,714	2,814	25,114	2,664
Interest income	169	140	380	380
TOTAL FUNDING and OTHER REVENUE	56,854	76,100	96,175	73,725
EXPENDITURE				
Personnel costs	33,384	39,608	37,546	37,546
Other	19,823	25,495	28,380	27,593
Depreciation & amortisation	3,187	3,560	4,230	4,230
Total Expenditure	56,395	68,664	70,156	69,369
OPERATING SURPLUS / (DEFICIT)	459	7,436	26,018	4,356
Corporate taxation	0	0	965	565
TOTAL COMPREHENSIVE REVENUE and EXPENDITURE	459	7,436	25,053	3,791
EBITDA	3,646	10,996	30,248	8,586

GROUP PROSPECTIVE STATEMENT of CHANGES in EQUITY

	FORECAST 30 June 2023 \$000	BUDGET 30 June 2024 \$000	BUDGET 30 June 2025 \$000	BUDGET 30 June 2026 \$000
EQUITY				
Balance brought forward	80,814	86,923	83,209	108,262
Change in comprehensive revenue and expenditure	459	7,436	25,053	3,791
Change in asset revaluation reserve	0	-11,150	0	0
Change in share capital	5,650	0	0	0
Total Equity	86,923	83,209	108,262	112,053

GROUP PROSPECTIVE STATEMENT of POSITION

	FORECAST 30 June 2023 \$000	BUDGET 30 June 2024 \$000	BUDGET 30 June 2025 \$000	BUDGET 30 June 2026 \$000
Total equity	86,923	83,209	108,262	112,053
Share capital	25,842	25,842	25,842	25,842
Asset Revaluation Reserve	60,428	49,278	49,278	49,278
Retained earnings	653	8,089	33,142	36,933
CURRENT LIABILITIES				
Accounts payable & accruals	2,076	2,500	2,500	2,500
Employee entitlements	2,541	2,300	2,300	2,300
Total Current Liabilities	4,617	4,800	4,800	4,800
Non-Current Liabilities	1,560	1,560	1,560	1,560
Total Liabilities and Equity	93,100	89,569	114,622	118,413
CURRENT ASSETS				
Cash & cash equivalents	4,910	4,762	5,235	4,975
Investments (Term Deposits)	7,500	5,500	19,150	21,500
Receivables	1,645	645	645	1,414
Prepayments and Other Receivables	475	719	519	221
Assets held for sale	677	12,700	0	0
Total Current Assets	15,207	24,326	25,549	28,110
Net Working Capital	10,590	19,526	20,749	23,310
NON-CURRENT ASSETS				
Property, plant & equipment	76,043	63,698	86,292	87,522
Intangible assets	1,850	1,545	2,781	2,781
	77,893	65,243	89,073	90,303
Total Assets	93,100	89,569	114,622	118,413

GROUP PROSPECTIVE STATEMENT of FORECAST CASHFLOWS

	FORECAST 30 June 2023 \$000	BUDGET 30 June 2024 \$000	BUDGET 30 June 2025 \$000	BUDGET 30 June 2026 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash will be provided from:				
NZOA, the Crown and other parties	53,795	76,716	72,730	72,309
Interest on term deposits	169	140	380	380
Cash will be disbursed to:				
Employees and suppliers	-55,269	-64,921	-65,926	-65,139
Net Cash from operating activities	-1,306	11,935	7,183	7,550
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash will be provided from:				
Receipts from Investments	0	0	0	0
Proceeds from the sale of assets	0	677	35,000	0
Cash will be disbursed to:				
Acquisition of term investments	0	0	0	0
Purchase of non current assets	-502	-14,760	-28,060	-5,460
Net Cash from investing activities	-502	-14,083	6,940	-5,460
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash will be provided from:				
Issue of shares	5,650	0	0	0
Sale of Assets				
Cash will be disbursed to:				
Returns to Shareholders				
Net Cash from financing activities	5,650	0	0	0
Net Increase/(Decrease) in Cash	3,842	-2,148	14,123	2,090
Opening cash as at 1 July	8,568	12,410	10,262	24,385
Cash and Cash Equivalents at year end	12,410	10,262	24,385	26,475
CASH AND TERM DEPOSITS				
Cash and cash equivalents	4,910	4,762	5,235	4,975
Term deposits	7,500	5,500	19,150	21,500
Total cash and term deposits	12,410	10,262	24,385	26,475

Statement of Accounting Policies

REPORTING ENTITY

Radio New Zealand Limited is a Crown Entity in terms of the Crown Entities Act 2004. The company is wholly owned on behalf of the Crown by the two Shareholding Ministers, the Minister Responsible for RNZ and the Minister of Finance. Radio New Zealand Limited is a company registered under the Companies Act 1993.

The group consists of the consolidated activities of Radio New Zealand Limited and its subsidiary Sound Archives/Ngā Taonga Kōrero Limited which is 100% owned. Sound Archives/Ngā Taonga Kōrero Limited was incorporated on August 1998 and has operated the archive since 1 October 1998 but in the current forecasts is not operating.

RNZ is a Public Benefit Entity (PBE) and as such the potential conflict between the pursuit of core public service broadcaster objectives set out in RNZ's Charter and more commercial company objectives is minimised.

BASIS OF PREPARATION

The prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the periods covered.

STATEMENT OF COMPLIANCE

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE FRS42 Prospective Financial Statements. The prospective financial statements for the year ended 30 June 2023 will be used in the Annual Report as the budgeted figures.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000).

SIGNIFICANT ASSUMPTIONS

In preparing these prospective financial statements, RNZ has made judgements, estimates and assumptions concerning the future. These judgements, estimates and assumptions may differ from actual results. None of the judgements, estimates and assumptions made are regarded as being significant.

The following significant assumptions underpin the prospective financial statements:

- Government will continue to fund RNZ's core activities in the prospective year and for the following two planning years at least to the levels indicated in the statement. It is therefore expected that the nature of the operations of RNZ will not change significantly;
- Shareholding Ministers will not require RNZ to pay a dividend on their shareholding in the company;
- There will be no withdrawal of capital by Shareholding Ministers;
- The prospective financial statements are based on estimates and forecasts, the effect of which may result in the actual financials varying from the information presented, and these variations may be material; and
- The statements have been prepared on a going-concern basis.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

CHANGES IN ACCOUNTING POLICIES

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides for more reliable and more relevant information. There are no changes to accounting policies.

BASIS of CONSOLIDATION

The consolidated financial statements include the holding company and its subsidiary. The subsidiary is accounted for using the purchase method.

COST ALLOCATION

RNZ produces one output which is to deliver Public Broadcasting Services (m8). All costs are directly attributed to this output. There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

REVENUE (CROWN and OTHER REVENUE)

RNZ Limited derives revenue from the Government through NZ On Air and from the Ministry for Culture and Heritage for specific purposes as outlined in its Charter and Statement of Intent. Other revenue is derived from generating activities and interest from bank deposits. All revenue is measured at the fair value of the consideration receivable. A small portion of funding from NZ On Air may be classified as non-exchange revenue.

GOODS and SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

TAXATION

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that

it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Current tax and deferred tax are charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity

ACCOUNTS RECEIVABLE

Accounts receivable are stated at expected fair value and measured at amortised cost less any provision for impairment

CASH and CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprises cash at bank, in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

NON-CURRENT ASSETS

Property, plant and equipment are stated at fair value, including library and archival collections. Land and Buildings have been revalued in the prospective financial statements. A formal valuation of Land and Buildings was completed in the year ended 30 June 2017.

Library collections are reviewed to fair value at least every five years.

The results of revaluing library and archival collections are credited or debited to an asset revaluation reserve. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance will be expensed in the Statement of Financial Position. To the extent that a revaluation gain reverses a loss previously charged to the Comprehensive Statement of Revenue and Expense, the gain is credited to the Comprehensive Statement of Revenue and Expense.

Other non-current assets such as prepayments are recorded in RNZ's Statement of Financial Position. These are payments received for services in one period but are recognised in the Statement of Financial Position in future periods.

IMPAIRMENT of ASSETS

At each balance sheet date, RNZ assesses whether there is any objective evidence that any group of non-current assets is impaired. Any impairment losses are recognised in the Comprehensive Statement of Revenue and Expense

DEPRECIATION and AMORTISATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than freehold land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives of major classes of assets have been estimated as follows:

Buildings	5 to 50 years
Leasehold improvements	Term of lease
Plant and equipment	5 to 20 years
Motor vehicles	5 years
Computer hardware equipment	3 to 5 years
Furniture, fittings and other	5 to 10 years
Library	10 to 15 years

Capital work in progress is not depreciated. The total cost of a project is transferred to the relevant fixed asset account when it is completed and begins its productive life. It is then depreciated over its estimated economic life.

INTANGIBLE ASSETS

Software, both acquired and developed, is included under intangible assets. Also under this category are capital contribution payments made to suppliers for co-siting rights which relate to future periods in accordance with the contractual terms.

Archival collections are reviewed to fair value at least every five years

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

The sound archive collection will not be amortised as it is categorised as a heritage asset and as such is not normally amortised.

The useful lives of major classes of assets have been estimated as follows:

Computer software	2 to 5 years
Capital contributions	Term of contract

The sound archive collection is treated as a heritage asset and was not amortised during the year.

ASSOCIATES

RNZ is a party to the formation of Freeview Limited, a joint venture company formed to provide fee to air digital broadcasting in New Zealand. The investment is accounted for using the equity method of accounting.

Redeemable preference shares held by the Government in RNZ are to be repayable at the option of the holder and are classified as a liability in the statement of financial position.

EMPLOYEE ENTITLEMENTS

Provision is made for the company's liability for annual and long service leave. Annual leave is calculated on an actual entitlement basis at average current rates of pay over the past year in accordance with the Holidays Act 2003, whilst the long service leave provision is calculated on an actuarial basis. A provision for sick leave is not provided for as RNZ does not carry forward sick leave into future periods.

SUPERANNUATION SCHEMES

Obligations for contributions to KiwiSaver and the National Provident Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Income Statement as incurred.

PROVISIONS

RNZ recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

LEASES

RNZ has no finance leases.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred. RNZ leases its motor vehicles and the majority of its premises.

FINANCIAL INSTRUMENTS

RNZ is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Income Statement. All financial instruments are shown at their fair value.

CASH FLOW STATEMENT

Cash and cash equivalents mean current bank accounts and demand/call deposits.

Operating activities are those activities relating to the purchase and supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise those activities that change the equity and debt capital structure of the company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into New Zealand dollars at the spot rate at the date of the transaction. These transactions are settled immediately; consequently, no exchange gain or loss is recognised. RNZ also enters into foreign exchange contracts (FECs) to cover significant overseas purchases. These are defined as financial derivatives under PBE standards and the fair value of FECs are determined on the basis of quoted market rates.



Political Reporter Katie Scotcher outside 10, Downing Street, London

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LEFT Reporters Samantha Gee and Niva Chittock in Westport